

Artificial Intelligence and the BANI World

Trends and outlook for technical consumer
goods in 2025

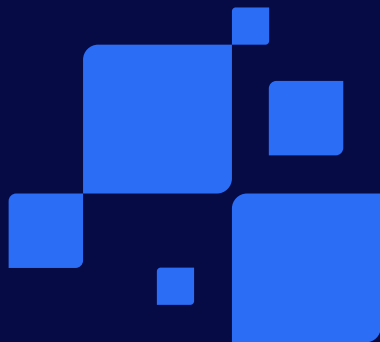
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Artificial Intelligence & the BANI World

Trends and outlook for technical consumer goods in 2025



We look at the latest NIQ T&D CMO outlook and hear from Chief Marketing Officers how AI is shaping their agenda

The BANI (Brittle – Anxious – Non-Linear – Incomprehensible) world and consumer tech; how are T&D shoppers acting, what are the trending categories ... and what role does AI play?

NIQ T&D Market outlook for 2025

The CMO Level view on AI

How marketing leaders should be thinking about AI and data-driven decisioning heading into 2025



The intersection of marketing, data, and AI: What's next?

Clearer understanding what works and what not; more confidence and optimism about AI, AI increasingly relevant for Customer Experience and customer service

Please tell us the extent to which you are using GenAI for the following tasks:

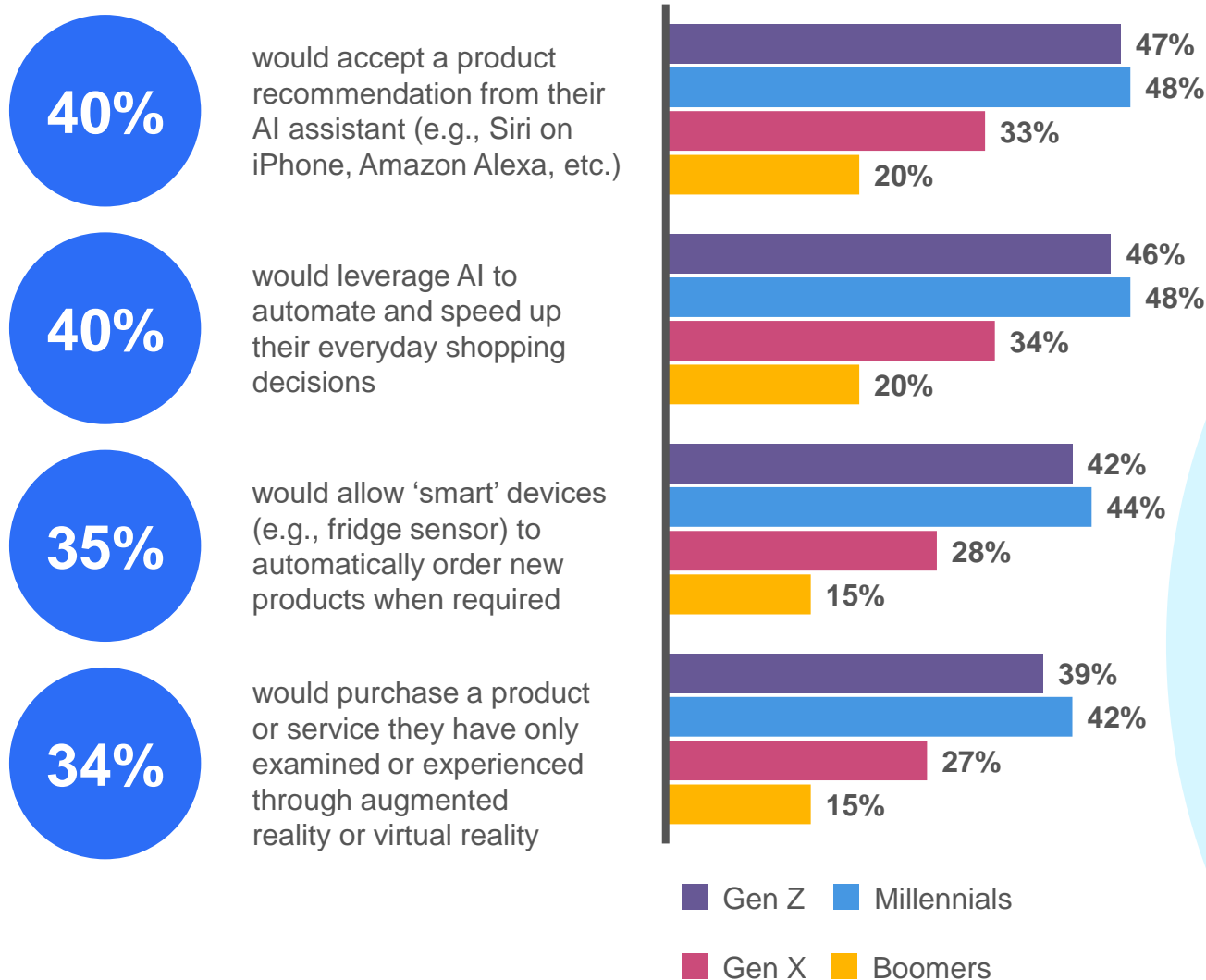


- 1. A clearer understanding about what does and what doesn't generate value with AI.
- 2. Greater confidence and optimism about future performance with AI
- 3. AI potentially enhancing customer experience and service

Source: CMO Outlook 2024 survey

Consumers have mixed feelings about AI invading their shopping experience

Consumers are more open to AI involvement in their shopping decisions, but generational variances are clear



- 1. AI can help improving the ability to listen to consumers
- 2. Many consumers are receptive to the idea of tech-enabled shopping experiences.
- 3. Marketers need to prioritize cross-departmental collaboration to meet evolving expectations.

Source: [Mid-Year Consumer Outlook: Guide to 2025](#)

AI and the retail space

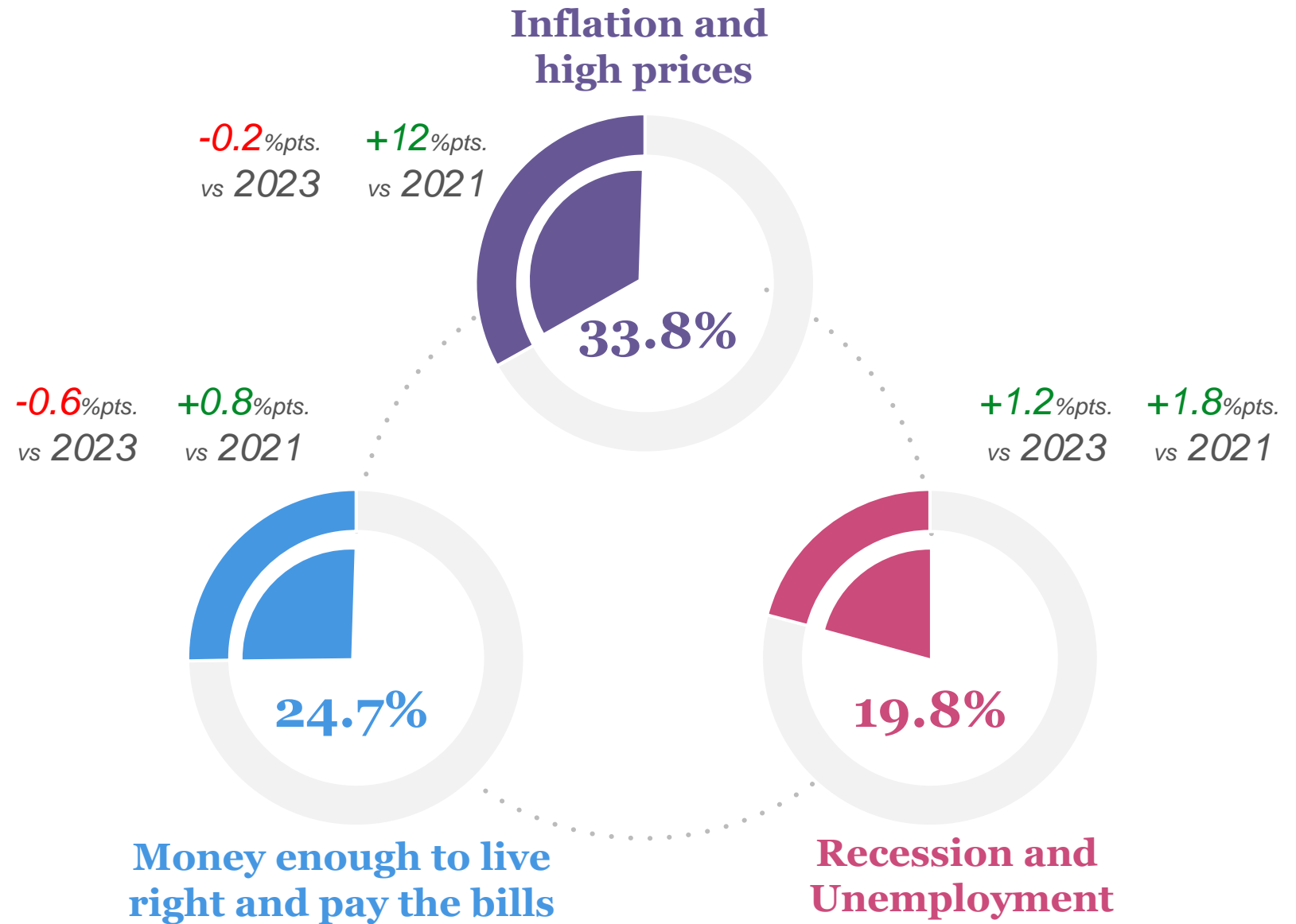
The “where” and “what” of activation for consumer tech products

NIQ



Global consumers are still *worried about economic situation* in 2024

Three economic topics that consumers are most concerned about out of 27 concerns

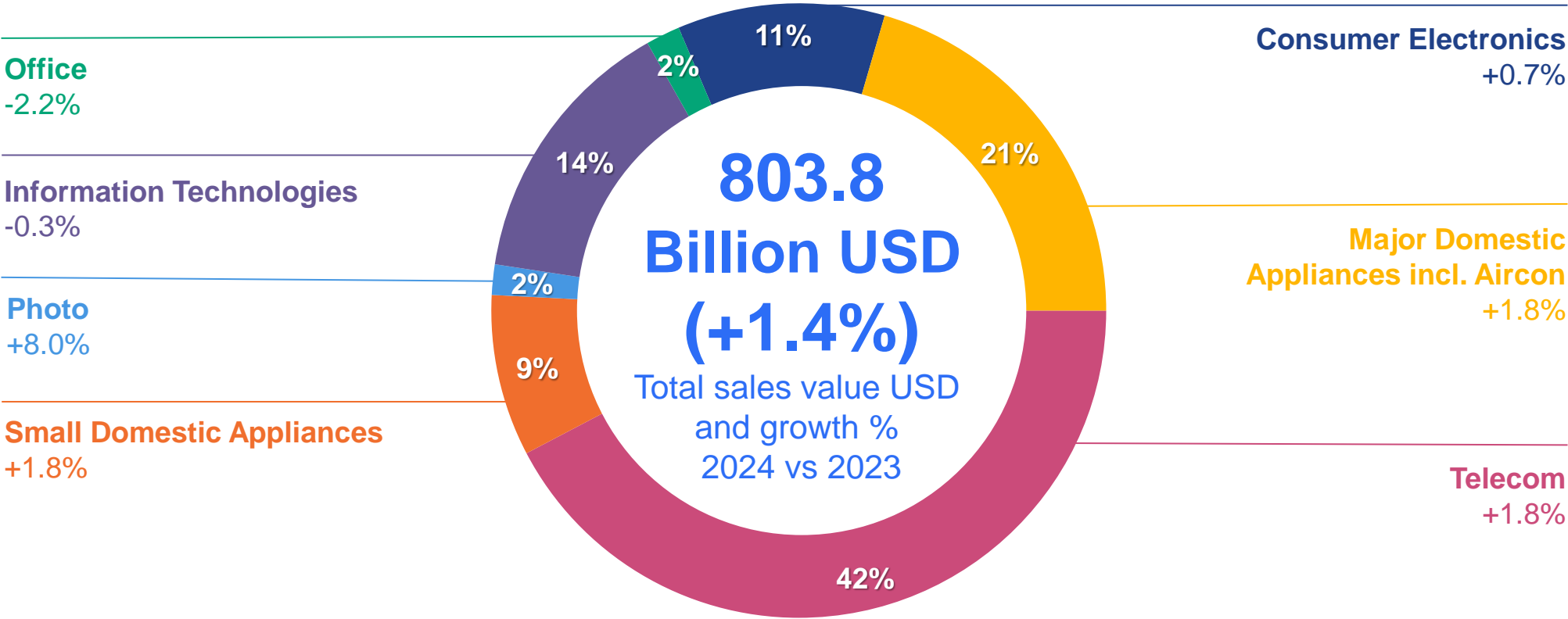


IT and Office were the only sectors to decline in 2024.

Sectors for the home, SDA and MDA, were strong drivers

Global (ex. NA, RU) Tech and Durables | Sales Value USD (NSP) | Growth rate YoY (%)

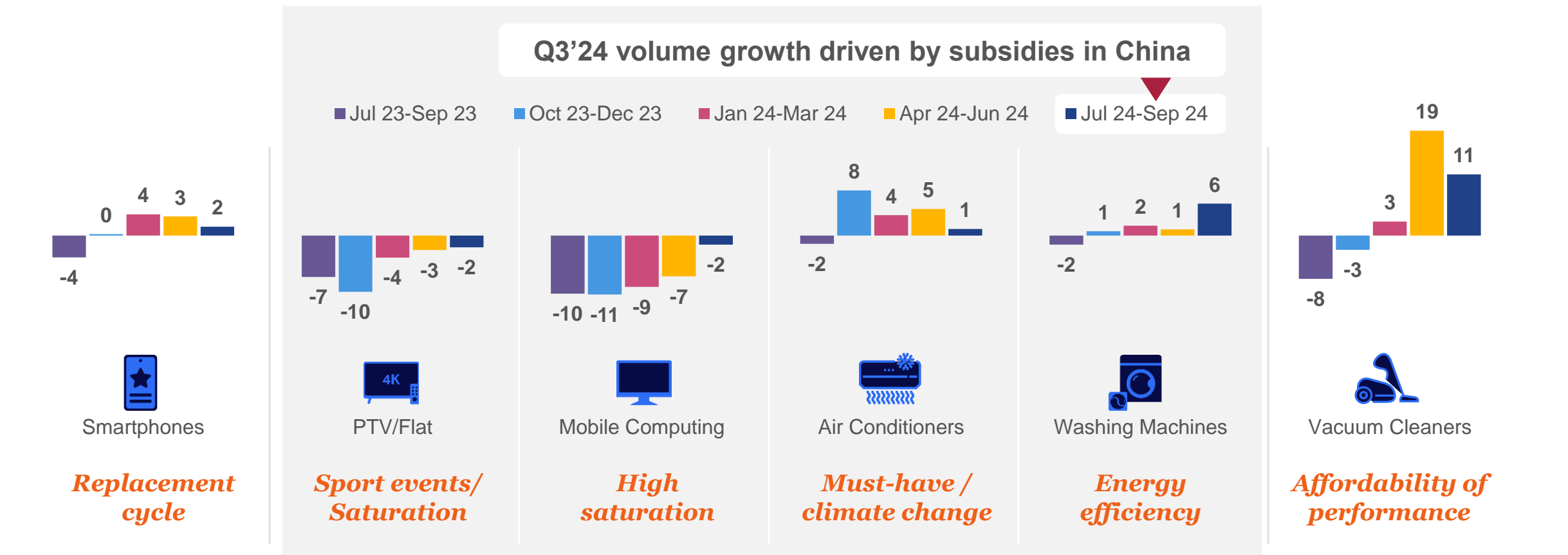
Jan 2024 – Dec 2024



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America and Russia), Sales revenue growth 2024 vs 2023
CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics
Global T&D Trends Report Q4 2024 – Global Strategic Insights

Major categories' unit growth rebounds over the quarters

Global (ex. NA, RU) Tech and Durables | Sales Volume | Growth rate YoY (%)



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America and Russia)
Global TCG Trends Report Q3 2024 – Global Strategic Insights

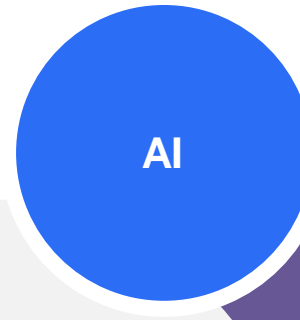
Product Innovation Framework

What's next?

AI-related hardware (+40% growth per year)
and software (+55% growth per year) market
could reach up to

\$990 billion

by 2027



Convenience

Performance
and connectivity

Health, hygiene
and wellbeing

User-centered
design

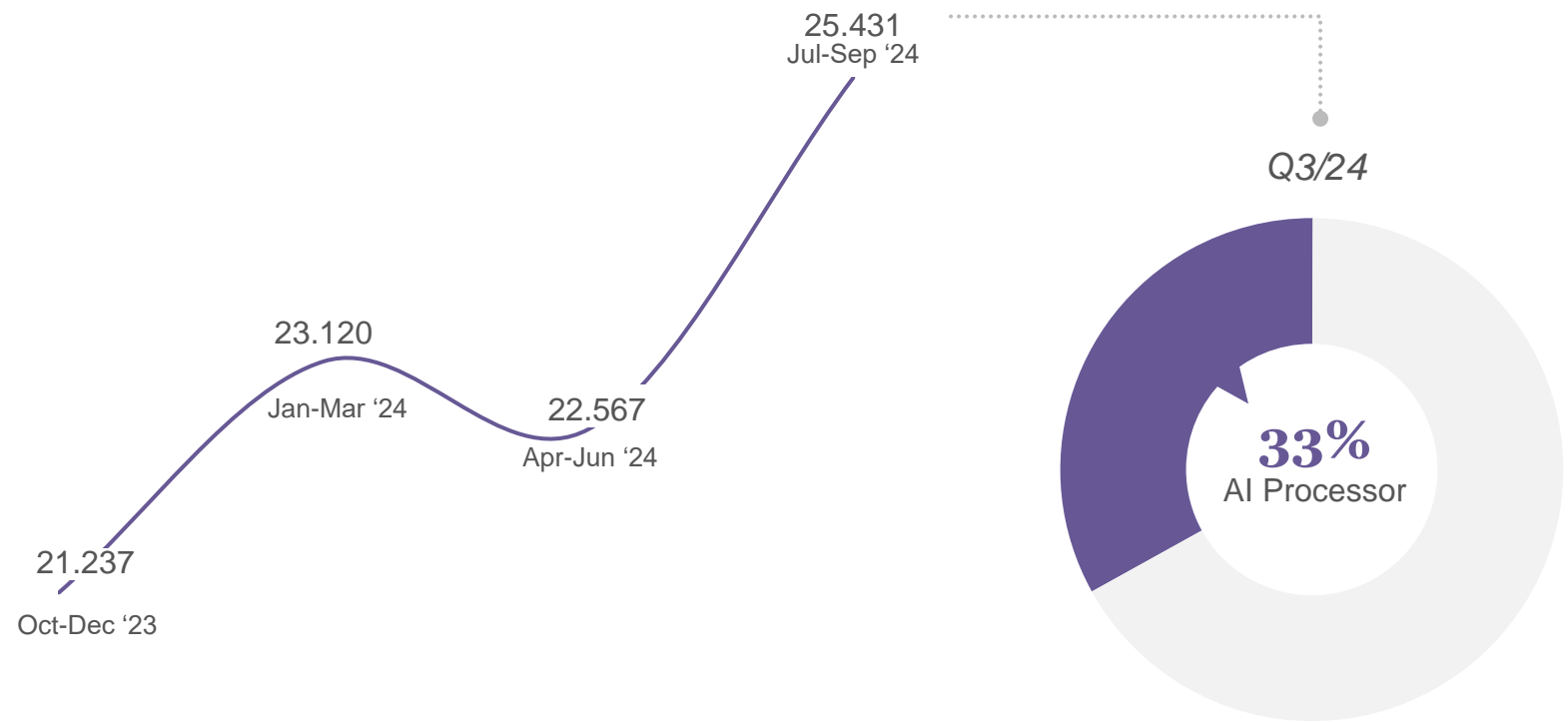
Sustainability

Source: Consumer Life 2024 – global data;
[Bain & Company](#)

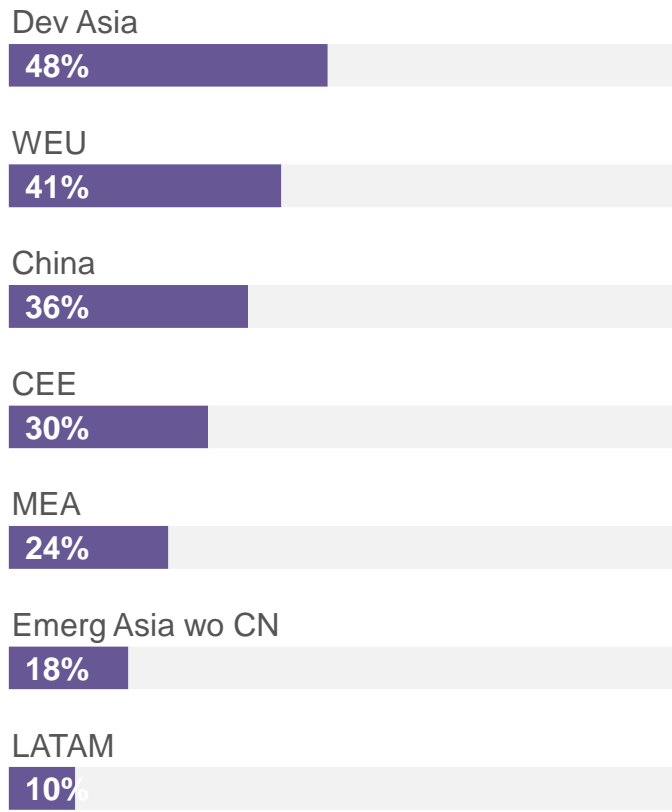
AI revenues are increasing constantly and 1/3rd is done with devices having an AI Processor

However, regard the significant differences in regions!

International Coverage (excl. North America) | Sales Values Mio USD NSP (%)



Revenue share of phone equipped with an AI processor by region



Source: GfK Market Intelligence; Panelmarket, Smartphones, International Coverage (excl. North America), Sales Values Mio USD NSP (%)

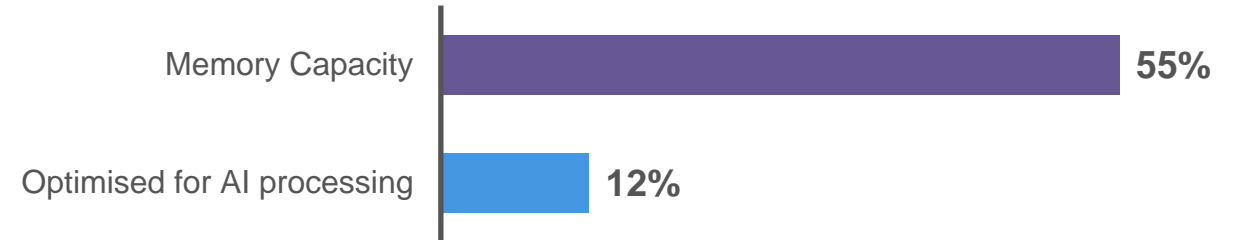
AI optimization as choice driver for consumers?

AI Functions not yet on top
of consumers' minds which
gives room for innovation!

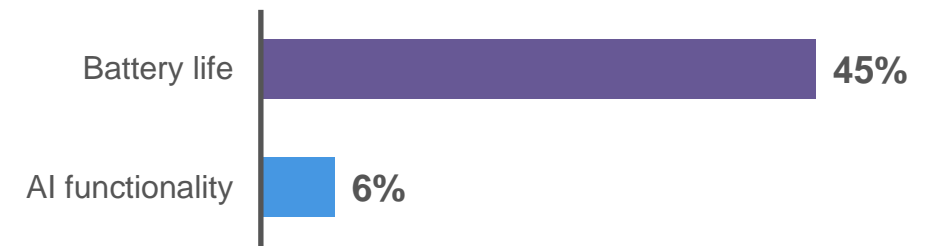
Which of these product features were most important to your final choice?
Percentage of consumers confirming statement above



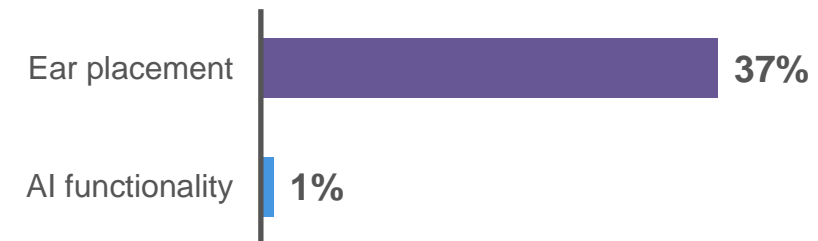
Mobile PCs



Smart phones



Wireless headphones



Source: gfknewron Consumer; Choice Drivers per category; Q2 2024. Countries: AT, BE, BR, CL, FR, DE, GB, GR, ID, IT, JP, NL, PL, ES, CH, TR

“People don't buy AI PCs because of AI !”

If awareness of benefits does not increase, AI Hardware might be bought for other reasons (being future-proof, upgrading anyway, ...) but not due to their AI integration. Thus, the positive impact might be less than forecasted within the industry.

Benefits

Manufacturers

- Key opportunity to drive high margins
- Increase in demand
- Ability to differentiate vs. competition by offering value and innovation

Consumers

- Hyper personalized product experiences
- Convenience & simplified product usage
- High performance
- Addresses the privacy concerns users have today of using AI
- Efficient usage of AI will reduce time and effort spent on routine tasks*

But:

- Increased awareness of benefits leads to a positive impact as a pre-requisite
- Challenges from High competition, Differentiation of real value of AI with “copycat” products and premium pricing

*this is also true for cloud applications

What's next?

Our view on 2025 consumer
tech performance

NIQ



Sector specific rationale for 2025 estimation

Telecom

- *China's subsidies are alleviating challenging market conditions* for the telecom sector in other regions, particularly Europe and Developed Asia.
- These regions have been grappling with market saturation and high churn rates following last year's churn cycle. The subsidies are expected to provide much-needed relief and stimulate growth in these markets

Consumer Electronics & Photo

- *Consumer electronics market is saturated.* There are no planned sporting events to drive TV sales.
- Opportunities in headphones driven by the *surge in Open ears segment.*
- *Photo market will experience further premiumization,* with the APAC standing out. China's recent subsidy for digital still camera effective Jan'25 will boost demand.

Information Technology & Office

- *PC growth in IT is rebounding due to replacements* around five years post-pandemic peak.
- *Media tablets and peripherals will continue to see steady demand,* positively impacting the IT sector.
- China's national *subsidies for Mobile PCs and Media Tablets will continue its positive impact,* with additional regional subsidies applicable for other categories

Sector specific rationale for 2025 estimation

Major Domestic Appliances

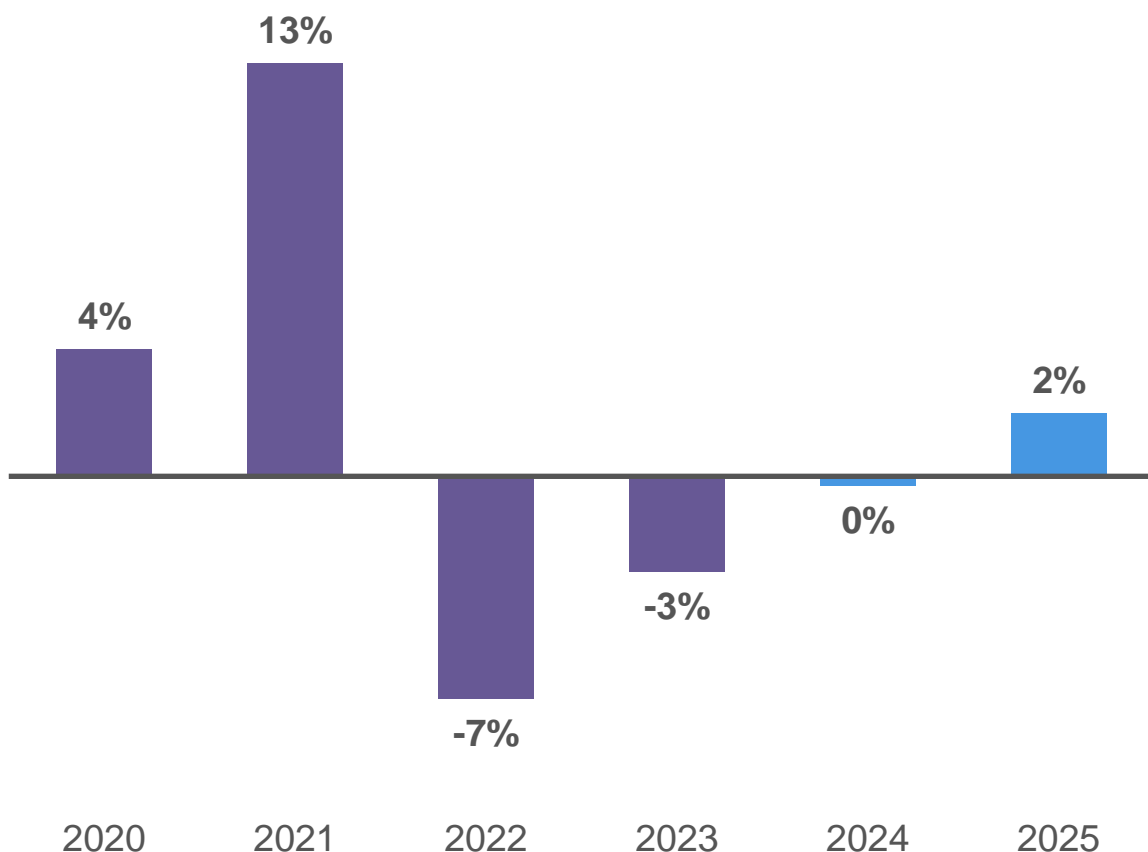
- Relatively *low willingness to buy is expected to persist*, limiting upgrades, especially if tariffs fuel inflation
- *Back to growth in built-in* markets expected, if interest rates decline as planned (e.g., ECB)
- Chinese *subsidies are expected to fuel sales* in 2025 as these were extended to more product groups, *driving growth from Q1 to Q3*.

Small Domestic Appliances

- Consumers will *cautiously spend a premium on innovative, multi functional products* that offer greater convenience.
- *Prices may rise in the second half of 2025 if tariffs persist* across regions, delaying consumer behavior change.
- Chinese *subsidies to boost sales* as more categories are included, continuing for Q1 to Q3, with *potential negative impact on Q4'25*

Tech and Durables Outlook 2025

Global growth and growth projections in revenue USD



GfK Market Intelligence and total market estimation incl. North America, based on USD Forecasting date: Nov 14th, 2024, assuming stable USD exchange rate | North America estimation based on co-operation with Consumer Trade Association (CTA)

T&D is set for growth in 2025

- Key regions driving this growth will include North America (+2%) and Middle East/Africa (+2%)
- Small Domestic Appliances (SDA), and Telecom sectors being the primary drivers for industry growth. IT (including Office) will also grow by 3%, supported by the regular replacement cycle and sunsetting of Windows 10 support

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Key take aways

- Consumer Tech market crawling to growth again in 2025 where **consumer are still worried about their financial outlook and capacity to spend**
- **Product innovation key to participate in growth** but AI features on consumer tech not yet a standalone choice driver
- The landscape is shifting from **GenAI experimentation** to demonstrating its clear commercial impact.
- There's a growing emphasis on **upskilling teams, investing in AI-driven technologies, and addressing ethical concerns.**

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Thank you

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